

Subcommittee on Communications, Technology, and the Internet Hearing

Oversight of the American Recovery and Reinvestment Act: Broadband, Part III

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March 4, 2010

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Good morning. Today the subcommittee conducts a third oversight hearing regarding the \$7.2 billion provided by the economic Recovery Act for broadband programs. The programs are administered by the U.S. Department of Commerce through the NTIA and the Department of Agriculture through its Rural Utilities Service.

It is my pleasure to welcome this morning the NTIA Director, Assistant Secretary for Communications and Information Larry Strickling, and Rural Utilities Service Administrator Jonathan Adelstein, who will discuss the process they have undertaken for awarding grants for the first round of funding and the standards their agencies have developed that will govern the funding awards for the second round.

The Recovery Act's broadband program presents an historic opportunity for increasing

the availability of broadband and elevating the standing of the United States among developed nations in the percentage of the population that uses it. How effectively these goals are achieved will be determined in large part by the standards the agencies use to deploy the program's funds.

At our last oversight hearing, I expressed some concerns about the standards that governed the first round of funding and encouraged the agencies to consider modifying them prior to publication of the Notice of Funds Availability for the second round.

I am pleased that the rules for the second round address those concerns. For example, in the RUS program, grants of more than 50 percent of project costs are no longer available only to communities that are deemed "remote," meaning that the community is more than 50 miles from a city of at least 20,000.

That round one restriction had disqualified from major grants small isolated communities throughout the eastern United States. I am pleased that this remoteness test has been removed from the round two standards.

The rules for round two have also been changed so that rural applicants are no longer required to first apply to RUS and be rejected before NTIA can make an award to the applicant. And, I am pleased to note that in round two, RUS has specified a measure of funding for satellite delivered broadband services.

I appreciate the agencies' responsiveness to our concerns and commend them for these positive changes to the program rules.

I do want to offer a couple of suggestions for round two. First, I urge the agencies to give round one participants whose applications were rejected guidance sufficient to allow them to improve their applications for round two. For example, round one participants cannot find out how many points winning applications scored, so they currently don't know how close they may have been to receiving an award. Many round one applicants may have been on the cusp of receiving an award, and it would be helpful for them to know that fact and receive guidance on how to improve their applications for round two.

I also urge the RUS to give serious consideration to granting waivers of the requirement that projects cost no more than \$10,000 per home passed. Many areas without access to broadband today are among the most difficult and expensive to serve due to terrain and the distances over which infrastructures must be built. A key purpose of the broadband grant programs is to deploy high-speed Internet service to those areas. Without waivers many deserving rural projects will be denied funding.

I commend the NTIA and the RUS for the tremendous work they have done on the broadband grant programs to date. The agencies have had to create programs out of whole cloth and begin to make awards in a very short timeframe, and they are doing good work. The administrators and staff have our thanks for that performance.

Mr. Strickling and Mr. Adelstein, thank you for joining us this morning. I look forward to your comments on these and other matters.

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